

Fitchburg Gas and Electric Light Company
5-Year Energy Efficiency Program Plan
Budget Update Summary – 2002
D.T.E. 98 – 48 / 49

I. Summary:

On February 9, 2001, Fitchburg Gas and Electric Light Company (“FG&E” or “Company”) FG&E filed its 5 Year Energy Efficiency Program Plan (“EE Plan”) with the Department of Telecommunications and Energy (“Department”) in compliance with the Department’s Orders in docket D.T.E. 98-48/49. On June 28, 2001, the Company filed a Settlement, signed by the parties to this docket and on August 17, 2001, the Department approved the Settlement. Pursuant to the Settlement, FG&E herewith files updated program budgets for 2002 on or before November 1, 2001.

Included in its February 9th EE Plan, FG&E provided actual program expenditures for 1998 and 1999, actual (9) and projected (3) expenditures for 2000 and proposed program budgets for 2001 and 2002. The proposed program budgets were approximately \$2.1 and \$1.7 million, respectively, for each year¹. With actual program results through September 2001, projected year-end expenditures are expected to be approximately \$1.8 million and \$1.7, respectively. A brief discussion of 2001 EE activities is provided below followed by the updated program budgets for 2002. For consistency with the Company’s EE Plan, budget details, provided in the format required by the *Guidelines Supporting the Massachusetts Division of Energy Resources’ Energy Efficiency Oversight and Coordination*, are attached to this summary as 11/01/01 Update – Tables 1 through 4.

II. Residential Non-Low Income:

In general, electric sales were higher than projected for the residential sector during 2001, generating nearly \$80k more in EE revenues. In contrast, total program costs² were approximately \$114k under budget. Combined, these two factors increased the projected over-

¹ From Appendix A, Table 1 of the Company’s 5 Year EE Plan filed February 9, 2001.

² Total program costs include approved Performance Incentives, reversal of Lost Base Revenue in compliance with Department Orders, and direct program costs.

collection³ for this sector (including interest), by approximately \$200k. The majority of the residential EE programs are on track for 2001. Because of the late start of the Residential Trade-In Program⁴, specifically the air-conditioner (“a/c”) component, FG&E expects this program to be under budget by the end of 2001. The Company is currently arranging for a/c trade-in events to be held during the 2002 cooling season and intends to use as much of the original budget during 2002, however, it is likely that activity for this program will continue into 2003.

By year-end 2002, based on the Residential sector’s projected EE revenue of \$775k and program expenses of \$656k, this sector is expected to be approximately \$138k over-collected. Table 1 shows a comparison of the forecast year end balance for this sector’s from FG&E’s 2/9/01 EE Plan versus its 11/1/01 update.

Table 1
Forecast Year End Balance --2002
Residential Non-Low Income

	Forecast (0 & 12) 2/9/01 EE Plan	Updated Fcst (0 & 12) 11/1/01 Update	Variance (Forecast – Update)
Program Year 2002			
Beginning Balance	\$204,954	\$406,922	(\$201,968)
EE Revenue	\$353,670	\$368,183	(\$14,513)
Total Sector Revenue	\$558,624	\$775,105	(\$216,481)
Performance Incentive/LBR	\$18,300	\$118,791	(\$100,491)
Program Costs	\$549,618	\$537,564	\$12,054
Total Costs	\$567,918	\$656,355	(\$88,437)
Year-End Balance - Over/(Under)	(\$9,294)	\$118,750	(\$128,044)
Interest on Balance	\$9,294	\$19,010	(\$9,716)
Balance Forwarded	\$0	\$137,760	(\$137,760)

³ See attached 11/01/01 Update, Table 2, Page 1 of 2.

⁴ FG&E’s other residential programs received interim D.T.E. approval in Phase I of D.T.E. 98-48/49 and the Company was able to continue implementation of these programs during Phase II of this docket. The Trade-In Program was not included in the Company’s original 5 Year Plan proposal. Therefore, FG&E waited until it received approval (on August 17, 2001) before implementing this program.

III. Residential Low-Income:

The Residential Low Income (“LI”) sector’s EE revenue and resulting EE budgets are dependent on the electric sales for the entire Company, including the Commercial and Industrial sector. With actual sales and collection data through September 2001, year-end 2001 EE revenues for the LI sector are expected to be approximately 7% below that projected in the Company’s EE Plan, while 2001 program expenditures are expected to be about 6% below the original projection for the year. Program expenditures for 2000 were ahead of budget, however. In its February 9th EE Plan, FG&E projected that 2000 LI spending would be about \$136k. Actual 2000 program spending came in at \$176k. The over expenditure was due to an unexpected, large multifamily project completed in the last quarter of 2000.

By year-end 2002, based on the LI sector’s projected EE revenue of \$1225k and program expenses of \$121k, this sector is expected to have a zero balance. Table 2 shows a comparison of the forecast year end balance for this sector from FG&E’s 2/9/01 EE Plan versus its 11/1/01 update.

Table 2
Forecast Year End Balance --2002
Residential Low-Income

	Forecast (0 & 12) 2/9/01 EE Plan	Updated Fcst (0 & 12) 11/1/01 Update	Variance (Forecast – Update)
Program Year 2002			
Beginning Balance	\$22,902	(\$10,741)	\$33,643
EE Revenue	\$130,073	\$133,561	(\$3,488)
Total Sector Revenue	\$152,975	\$122,820	\$30,155
Performance Incentive/LBR	\$11,263	\$34,963	(\$23,700)
Program Costs	\$142,751	\$87,052	\$55,699
Total Costs	\$154,014	\$122,015	\$31,999
Year-End Balance - Over/(Under)	(\$1,039)	\$805	(\$1,844)
Interest on Balance	\$1,039	(\$805)	\$1,844
Balance Forwarded	\$0	\$0	\$0

IV. Commercial & Industrial:

Actual electric sales for the Commercial and Industrial (“C&I”) sector for 2000 and 2001 were below sales projected in FG&E’s EE Plan resulting in lower EE revenue than expected. At the end of 2001, FG&E expects revenue for this sector to be approximately \$101k less than originally projected. However, spending is currently ahead of budget by approximately \$100k. In its February 9th EE Plan, FG&E projected that 2000 spending for this sector would be about \$872k while actual 2000 program spending came in at just over \$1million (or \$178k over budget). The over expenditure was due to several projects that were completed ahead of schedule. Year end program expenses for 2001 are projected to be about \$82k under budget for a net impact of \$100k.

By year-end 2002, based on the C&I sector’s projected EE revenue of \$8255k and program expenses of \$822k, this sector is expected to have a zero balance. Table 3 shows a comparison of the forecast year end balance for this sector from FG&E’s 2/9/01 EE Plan versus its 11/1/01 update.

Table 3
Forecast Year End Balance --2002
Commercial and Industrial

	Forecast (0 & 12) 2/9/01 EE Plan	Updated Fcst (0 & 12) 11/1/01 Update	Variance (Forecast – Update)
Program Year 2002			
Beginning Balance	\$199,799	(\$9,004)	\$208,803
EE Revenue	\$816,987	\$833,867	(\$16,880)
Total Sector Revenue	\$1,016,786	\$824,863	\$191,923
Performance Incentive/LBR	\$75,925	\$223,177	(\$147,252)
Program Costs	\$949,920	\$598,632	\$351,288
Total Costs	\$1,025,845	\$821,809	\$204,036
Year-End Balance - Over/(Under)	(\$9,060)	\$3,054	(\$12,114)
Interest on Balance	\$9,060	(\$3,054)	\$12,114
Balance Forwarded	\$0	\$0	\$0